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Supreme Court of the United States

OCTOBER TERM, 1941.

No. 587

J. F. REICH, DOING BUSINESS AS AUTOMOTIVE PRODUCTS CO., PETITIONER,

VS.

CHAMPION SPARK PLUG COMPANY, A CORPORATION, RESPONDENT.

PETITION FOR A WRIT OF CERTIORARI and BRIEF IN SUPPORT THEREOF.

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PETITION FOR A WRIT OF CERTIORARI.

To the Honorable the Justices of the Supreme Court of the United States:

The petition of J. F. Reich, doing business as Automotive Products Company, respectfully shows to this Honorable Court:

A.

SUMMARY OF MATTER INVOLVED.

Respondent is a manufacturer of spark plugs. Petitioner is a reconditioner of used spark plugs; and is engaged in the business of buying spark plugs after they

have been used and discarded by the original users, and of repairing and restoring them to usefulness, and reselling them to the public as second-hand, used, and repaired spark plugs.

The action is one for alleged infringement of registered trade-marks and alleged unfair competition in trade. Respondent, as plaintiff in the courts below, filed its bill of complaint against petitioner (defendant in the courts below) alleging, among other things, that defendant, fraudulently and with intent to deceive the public and thereby obtain the trade and custom of those who desire to purchase plaintiff's new spark plugs, acquires spark plugs originally manufactured by plaintiff which have been discarded by the owners, subjects them to defendant's reconditioning processes and treatments, and sells or causes them to be sold to the motoring public as genuine Champion spark plugs without removing plaintiff's trade-marks therefrom, purposely retaining said trade-marks as a means to deceive the motoring public into purchasing defendant's reconditioned spark plugs as new and genuine Champion spark plugs (R. 13); that, with the purpose and intent of furthering such deception, and of palming off on the motoring public his reconditioned spark plugs as and for new and genuine Champion spark plugs, defendant packs his reconditioned spark plugs in cartons and containers bearing plaintiff's trade-mark "Champion" and plaintiff's type numbers on both ends thereof (R. 14).

The prayer of the bill asks, among other things, that defendant be enjoined from selling his reconditioned spark plugs without removing plaintiff's trade-mark and type numbers therefrom, painting the metal shell and bushing nut of each spark [illegible]nt paint of some attractive color, indenting the w[illegible] in one face of the hex portion of the metal shell and [illegible]ing the letters thereof with white paint (R. 19); and that defendant be enjoined from using the word "Champion" in any form or combination in connection with the sale or advertising for sale of used spark plugs (R. 20).

Defendant's answer (R. 159 to 171) admits that he reconditions and sells Champion spark plugs without removing the name or type numbers therefrom (R. 165), but denies any intent to deceive the public, and alleges that the public has the right to be informed of the fact that defendant's reconditioned spark plugs were originally manufactured by plaintiff and that defendant has the right to leave plaintiff's trade-mark thereon for the purpose of disclosing that fact to the public (R. 166).

During the proceedings in the District Court (Western District of Missouri, Western Division) defendant filed a motion (R. 247) for denial of injunction on condition that defendant alter his method of doing business by packing each plug in an individual carton bearing a legend advising the public that the plug contained therein, while not new, has been restored to usefulness by defendant's process; and by indenting in the hex portion of the bushing nut on each plug the words "Repaired by A. P. Co."; and by printing on the exposed end of each carton the legend "Repaired spark plug. Make Champion, Size ..... Type ..... Automotive Products Co." Upon final hearing the district court denied injunction (R. 351, 352) holding that defendant's altered method of doing business fully protects plaintiff against infringement and fully advises the public as to what it is purchasing, and entitles defendant to continue his business without the restraint of injunction (R. 429).

Plaintiff appealed from that part of the district court's decree denying injunctive relief (R. 354), and the United States Circuit Court of Appeals (Eighth Circuit) has, by its opinion (R. 439), ordered that the decree of the district court be so modified as to enjoin the sale by defendant of repaired spark plugs manufactured by plaintiff without first removing plaintiff's trade-mark and type numbers therefrom and to enjoin defendant from selling his repaired spark plugs in cartons on the end of which plaintiff's trade-mark and type numbers have been stamped or printed (R. 446).

B.

THE QUESTIONS PRESENTED.

1. Does defendant have the legal right to retain plaintiff's name and type numbers on the spark plugs which he reconditions and repairs and to sell them as repaired spark plugs without removal of such name and type numbers?

2. Does plaintiff have the legal right to require that its identity as the original manufacturer of such reconditioned spark plug be concealed from the buying public by removal of its name and trade-mark therefrom?

3. In view of the unchallenged finding of the district court that defendant's method of marking each plug "repaired" and packing same in a carton properly labelled to show that it is not new adequately notifies the public as to what it is buying, thereby fully distinguishing defendant's product from that of plaintiff and, in the absence of evidence of deception of the public, can defendant legally be held guilty of either trade-mark infringement or unfair competition?

4. Does the claim that defendant's reconditioned spark plugs have, through usage and repair, lost some of the high qualities of plaintiff's new spark plugs, destroy defendant's right to disclose the identity of plaintiff as the original manufacturer thereof?

5. Can defendant legally be denied the right to reveal the identity of plaintiff as the original manufacturer by printing or stamping the word "Champion" on the ends of defendant's cartons, in view of the fact that the word "Repaired" also appears thereon so prominently that no attentive buyer could possibly be deceived thereby?

C.

THE JURISDICTION OF THIS COURT.

1. The writ of certiorari is applied for under Rule 38 of this court and Section 344, Title 28, United States Code Annotated (Section 240, Judicial Code, as amended by Act of February 13, 1925, 43 Stat. 938), and is the proper remedy.

2. The writ is applied for to review the decree of the United States Circuit Court of Appeals, Eighth Circuit, rendered by that court on July 23, 1941, in case No. 11910, Civil, *Champion Spark Plug Company, a Corporation, Appellant, versus J. F. Reich, Doing Business As Automotive Products Company, Appellee.*

3. The said decree sought to be reviewed is a final decree (R. 448) in said circuit court, as of date July 23, 1941.

D.

REASONS RELIED ON FOR ALLOWANCE OF THE WRIT.

1. The said circuit court of appeals has decided a federal question in a way probably in conflict with applicable decisions of this court, in this, to-wit:

(a) This court has held in *Prestonettes, Inc.*, v. *Coty*, 264 U. S. 359, that there is no such sanctity in a trade-mark as to prevent its being used to tell the truth; while the circuit court of appeals, in the case at bar, has ruled that the truth must be *concealed*, by removal of plaintiff's name and trade-mark. There is no difference in principle between the use made of the word "Coty" in the reported case, and the use made of the word "Champion" in the case at bar.

(b) This court has held, in the *Prestonettes Case* (*supra*), that the fact that the trade-marked product was deteriorated by defendant's use thereof did not prevent defendant in that case from using the name "Coty" to tell the truth; while the circuit court of appeals, in the

case at bar, has ruled that the fact that the spark plugs reconditioned by defendant have, through use and repair, lost some of the high qualities of plaintiff's new spark plugs, operates to prevent defendant from retaining the trade-mark for the purpose of telling the truth as to the identity of the original manufacturer.

(c) This court has held, in *Howe Scale Co.* v. *Wyckoff, Seamans & Benedict*, 198 U. S. 118, 140, and in *Kellogg Co.* v. *National Biscuit Co.*, 305 U. S. 111, 120, 121, that no action for unfair competition in trade can exist unless it be shown that defendant conducts his business so as to palm off his goods for those of plaintiff; while the circuit court of appeals, in the case at bar, in the face of the unchallenged finding of the district court that the public is adequately informed and not deceived, has ruled that defendant must conceal plaintiff's identity as the original manufacturer of the product which defendant repairs, by removing plaintiff's trade-mark therefrom.

2. The circuit court of appeals has decided an important question of federal law which has not been, but should be, settled by this court, in this, to-wit:

(a) The decision of the circuit court of appeals amounts to a holding that no one may repair and resell a used, trade-marked commodity without destroying evidence of the identity of the original manufacturer by removal of the trade-mark. The principle of law that unfair competition and trade-mark infringement exists only where deception is practiced has thus been abrogated. It is submitted that the far-reaching effect of that decision is of such importance that the questions involved ought to be settled by this court.

(b) The right of the public to have convincing evidence of the identity of the original manufacturer of second-hand articles by retention of the trade-mark is an important right arising under the trade-mark laws of the United States, and should be preserved by authoritative decision by this court.

3. The circuit court of appeals has so far departed from the accepted and usual course of judicial proceedings as to call for the exercise of this court's power of supervision, in that the decision sought to be reviewed is wholly at variance with the established rule of unfair competition and trade-mark infringement that equity will not enjoin against telling the truth, and that the use of a trade-mark or trade name in such manner as not to deceive the public is not improper.

Wherefore, your petitioner respectfully prays that a writ of certiorari may be issued out of and under the seal of this Honorable Court directed to the United States Circuit Court of Appeals, Eighth Circuit, to certify and send to this court for its review and determination on a day certain to be named therein, a full and complete transcript of the record and all proceedings in the cause numbered and entitled on its docket No. 11910 (Civil) *Champion Spark Plug Company, a Corporation, Appellant,* v. *J. F. Reich, Doing Business As Automotive Products Company, Appellee,* and that said judgment and decree of the United States Circuit Court of Appeals, Eighth Circuit, may be reversed by this Honorable Court, and that your petitioner may have such other and further relief in the premises as to this Honorable Court may seem just and proper; and your petitioner will ever pray.

J. F. Reich,
Doing Business As Automotive Products Company,
Petitioner,

.....,

By DONALD W. JOHNSON,

.....,

CHARLES V. GARNETT,
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Kansas City, Missouri,
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PETITIONER'S BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

I.

THE OPINION OF THE COURT BELOW.

The opinion of the United States Circuit Court of Appeals, Eighth Circuit, sought to be reviewed has not yet been reported, but appears in the record filed herewith, at pages 438 to 446 thereof.

II.

THE JURISDICTION OF THIS COURT.

The jurisdictional statement appears under Heading "C" in the foregoing petition and, in the interest of brevity, is not here repeated.

III.

STATEMENT OF THE CASE.

The summary of the matter involved (heading "A" in the petition) is, by reference, adopted as part of this statement of the case. As there shown, the questions presented by this petition relate only to defendant's *present* method of doing business. As the condition upon which injunction should be denied, defendant agreed:

(a) To market his repaired spark plugs in individual cartons bearing the following legend:

"Repaired Spark Plug
By The
Automotive Products Company
3033 Main St. Kansas City, Mo.
Distributed By
(Dealer's Name)

This Spark Plug, While Not New, Has Been Restored To Usefulness By The Special Process Originated By The Automotive Products Co., By Which It Has Been Thoroughly Renovated And Repaired, All Worn Parts Of The Electrodes Removed, The Remaining Parts Refinished And Adjusted So As To Make It An Efficient Used Spark Plug.

Guaranteed To Give At Least 10,000 Miles of Satisfactory Service."

and so that each carton, upon the exposed end thereof, shall bear the following legend:

"Repaired
Spark Plug

Make: Champion

Size: .....

Type: .....

Automotive Products Co." (R. 247, 248) (Note 1).

Note 1. In addition to the individual carton, defendant packs 10 plugs in a larger carton containing the same legends. A photostat of this larger carton, in actual use by defendant, appears in the record at R. 293.

(b) To indent in the hex portion of the metal shell of each spark plug, the words: "Repaired by A. P. Co." in capital letters so as to make each letter fully and distinctly visible and of equal prominence with the word "Champion" placed by plaintiff on the insulator of said plug, to the end that no person who would observe such spark plug closely enough to see the word "Champion" thereon would, in the exercise of ordinary care, fail to

observe the words "Repaired by A. P. Co.," indented thereon (R. 248).

(c) To abandon all previous cartons used by defendant; to refrain from displaying any spark plug on display cards or make use of display cards or advertising matter which would deceive or tend to deceive the public into the belief that the spark plugs offered by defendant are new spark plugs of plaintiff's manufacture (R. 249).

Upon hearing defendant's motion for denial of injunction upon the foregoing conditions, the trial court decided:

> "The effort of the defendant to conform to the criticism of my memorandum opinion is in good faith and would entitle him to continue his business without the restraint of a preliminary or temporary injunction. The cartons for his repaired spark plugs have such legends upon them as fully to protect the original manufacturer of spark plugs against infringement, and, in my judgment, these legends fully advise the public as to what it is purchasing. * * * The printing on the cartons and the legends stamped by the defendant upon the article itself would avoid any deception" (R. 429, 430).

At the same time the district court suggested that the case be permitted to pend without trial for six months, and if within that time it should be made to appear that defendant's operation deceives the public and in actual practice infringes plaintiff's trade-mark, then a further hearing might be had (R. 430). Upon that final hearing injunction was denied by the district court (R. 352).

There is no evidence in this record that defendant's method of doing business tends to or does, in fact, deceive the public. The affidavits of plaintiff's paid detectives (R. 271), who were sent out to "get the evidence," show that defendant's plugs were offered and sold to them without any actual representation that the plugs were new and unused Champion plugs. In some cases (R. 274,

276, 277, 278), the dealer sold the plug without comment, but in most cases (R. 273 to 285) the information was volunteered that the plug was not new but was a repaired plug. And in no case was there any showing of privity or agency between the dealer from whom the purchase was made and the defendant. More than that, the detectives appear to have failed in finding any case of public deception, for not a single member of the buying public was produced to testify that he purchased defendant's plug in the belief that he was buying a new and unused Champion plug.

Upon plaintiff's appeal from the order denying injunction the circuit court of appeals has held that, because of the fact that defendant's repaired plugs have, through use and repair, lost some of the qualities and characteristics of plaintiff's new spark plugs, they should not be sold bearing the original trade-mark and that defendant is guilty of infringement when he stamps the trade-mark "Champion" on the carton and of unfair competition when he stamps plaintiff's type number thereon; and has directed the district court to modify the decree so as to enjoin the sale by defendant of his repaired spark plugs without first removing plaintiff's trade-mark therefrom and to enjoin the sale of such repaired spark plugs in cartons, on the end of which plaintiff's trademark and type numbers have been stamped or printed.

IV.

SPECIFICATION OF ERRORS.

1. The United States Circuit Court of Appeals erred in holding the defendant should be enjoined from selling his repaired spark plugs without first removing plaintiff's trade-mark therefrom (R. 449).

2. The United States Circuit Court of Appeals erred in holding that defendant should be enjoined from selling

his repaired spark plugs in cartons on the end of which the name "Champion" and plaintiff's type numbers have been stamped or printed under the words: "Repaired Spark Plug" (R. 449).

V.

SUMMARY OF THE ARGUMENT.

1. Defendant has the legal right to tell the truth about his products, and to retain plaintiff's trade-mark upon the spark plugs which he reconditions, and to sell them as repaired spark plugs without removal of that trade-mark, and thereby tell the truth as to their origin.

(a) The buying public is entitled to know the truth as to the origin of defendant's repaired spark plugs and plaintiff has no legal right to demand that the best evidence of its identity as the original manufacturer be concealed by removal of its name and trade-mark.

(b) Defendant does not market his product as a new spark plug of Champion manufacture, and the fact that there may be some functional differences between defendant's product and plaintiff's new product does not give plaintiff the right to require that the best evidence of its identity as the original manufacturer should be concealed from the public.

Prestonettes, Inc., v. *Coty*, 264 U. S. 359, 369.

(c) Defendant tells the truth about his product by giving adequate notice that his repaired spark plugs are not new spark plugs of plaintiff's manufacture, and is not guilty either of trade-mark infringement or unfair competition in retaining plaintiff's name and trade-mark upon the plugs which he repairs and sells.

Prestonettes, Inc., v. *Coty, supra.*

Standard Oil Co. v. *California Beet & Fig Growers*, 28 F. 2d 283, 285.

Singer Mfg. Co. v. *Dent*, 41 Fed. 214.

Oliver Typewriter Co. v. *American Writing Machine Co.*, 156 Fed. 177.

2. Defendant's method of marking each plug and of packing it in an individual carton appropriately labelled fully protects plaintiff and advises the attentive buyer of the fact that he is buying a used spark plug and not a new one.

(a) Defendant's method constitutes a full discharge of the only duty the law imposes upon him, namely, that he mark his goods so that they will not be confused with those of plaintiff.

Prestonettes, Inc., v. *Coty, supra.*
Kellogg Company v. *National Biscuit Co.*, 305 U. S. 111.
Howe Scale Co. v. *Wyckoff-Seamans Co.*, 198 U. S. 118.
United Drug Co. v. *Rectanus Co.*, 248 U. S. 90.
Wrisley Company v. *Iowa Soap Co.*, 122 Fed. 796, 798.
Walter Baker Co. v. *Gray*, 192 Fed. 921, 926.

(b) The requirements of protection against unfair competition or trade-mark infringement are fully met because the goods of defendant are so marked that the ordinary attentive buyer will not be deceived into the belief that they are the goods of the plaintiff. Plaintiff has no right to the monopoly of the trade of the careless and indifferent.

Canal Co. v. *Clark*, 13 Wall. 311, 327.
Howe Scale Co. v. *Wyckoff-Seamans Co., supra.*
Wrisley Co. v. *Iowa Soap Co., supra.*

(c) Defendant cannot be charged with either unfair competition or trade-mark infringement because of claims of fraudulent and deceptive acts of unscrupulous or tricky dealers. Defendant has distinguished his product so as to be relieved of the charge of either unfair competition or trade-mark infringement.

Coats v. *Merrick Thread Co.*, 149 U. S. 562, 573.

VI.

ARGUMENT.

Equity will not enjoin the telling of the truth.

The truth about defendant's repaired spark plug is that it is a plug originally manufactured by plaintiff. At the time of manufacture, plaintiff put its trade-mark thereon, in order that the truth of its origin might be made known. Similarly, after it has been used and discarded, and then reclaimed, repaired and restored to usefulness by defendant, the trade-mark should remain to tell the truth as to the identity of the original manufacturer.

Defendant, by virtue of his purchase and ownership of the discarded plug, has the right to repair it and restore it to usefulness. He has the right to tell the public where he got it, by whom it was originally made, and what he has done to restore it to usefulness. In so doing, he is exercising the rights of ownership, and only telling the truth. The trade-mark placed upon the plug by plaintiff is not being used in a way that *deceives* the public, but is only being used to tell the truth.

There is an important public interest in that truth. The buying public is as much interested in the origin of a secondhand article as it is in the origin of a new one. The public is *entitled* to know who originally manufactures defendant's repaired spark plugs. And, for the protection and information of the buying public, the trade-mark should be left there as the best evidence of the identity of the original manufacturer.

In *Prestonettes, Inc.*, v. *Coty*, 264 U. S. 359, plaintiff was the manufacturer of delicate toilet powders and perfumes. He sold them under registered trade-marks. His powders were packed in special cardboard lined containers which he claimed were necessary to preserve their origi-

nal desirable qualities. Defendant, buying plaintiff's powder and perfumes in bulk, added a binder to the powders to make them into compacts and rebottled in small bottles the perfumes. At the time the suit was filed, bottles and packages in which the defendant rebottled and repacked the plaintiff's products produced the impression that they contained a product made, packed and put out by plaintiff and that defendant was only the importer thereof. The district court, recognizing defendant's right to use plaintiff's name to disclose the origin of the products, denied plaintiff any relief other than to require defendant to state on his labels the facts disclosing, in connection with the use of plaintiff's name, defendant's own connection with the product. On plaintiff's appeal, the circuit court of appeals reversed the decree of the district court and directed that an injunction be granted. This court, in reversing the decision of the circuit court of appeals, placed its entire approval upon the decree of the district court and upon defendant's use of plaintiff's name under the condition that he disclose his connection with the product, stating:

> "The defendant of course by virtue of its ownership had the right to compound or change what it bought, to divide either the original or the modified product, and to sell it so divided. The plaintiff could not prevent or complain of its stating the nature of the component parts and the source from which they were derived if it did not use the trade-mark in doing so. For instance, the defendant could state that a certain percentage of its compound was made at a certain place in Paris, however well known as the plaintiff's factory that place might be. If the compound was worse than the constituents, it might be a misfortune to the plaintiff, but the plaintiff would have no cause of action, as the defendant was exercising the rights of ownership and only telling the truth. The existence of a trade-mark would have no bearing on the question. Then what new rights does the trade-mark confer? It does not confer a right to prohibit the use of the word or words. It is not a

copyright. The argument drawn from the language of the trade-mark act does not seem to us to need discussion. A trade-mark only gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his. *United Drug Co.* v. *Theodore Rectanus Co.*, 248 U. S. 90, 97. There is nothing to the contrary in *Bourjois Co.* v. *Katzel*, 260 U. S. 689. There the trade-mark protected indicated that the goods came from the plaintiff in the United States, although not made by it, and therefore could not be put upon other goods of the same make coming from abroad. *When the mark is used in such a way that does not deceive the public we see no such sanctity in the word as to prevent its being used to tell the truth. It is not taboo. Canal Co.* v. *Clark*, 13 Wall. 311, 317.

"If the name of Coty were allowed to be printed in different letters from the rest of the inscription dictated by the district court a casual purchaser might look no further and might be deceived. But when it in no way stands out from the statement of facts that unquestionably the defendant has a right to communicate in some form, *we see no reason why it should not be used* collaterally, not to indicate the goods, but *to say that the trade-marked product is a constituent in the article now offered as new and changed.* As a general propositon there can be no doubt that the word might be so used. If a man bought a barrel of a certain flour or a demijohn of Old Crow Whiskey, he certainly could sell the flour in smaller packages or in former days could have sold the whiskey in bottles, and tell what it was, if he stated that he did the dividing up or the bottling. And this would not be because of a license implied from the special facts but on the general ground that we have stated" (italics ours).

The same situation exists in the case at bar. When plaintiff's trade-mark is used in such a way that does not deceive the public, there is no sanctity in the word as to prevent its being used to tell the truth. It tells the truth as to the origin of the repaired product.

The circuit court of appeals, however, has entirely misconstrued the decision of this court in the Coty case and has taken the erroneous view that, because defendant's repaired spark plug has, through use and repair, lost some of the high qualities inherent in plaintiff's new spark plugs "they no longer represent the original character and excellence which the trade-mark indicates" (R. 443) and that it is an infringement of the registered trademark to sell such goods without removal of that trademark. That view is based upon certain findings of the district court that the repaired spark plugs have ceased to have several of the mechanical and functional features of the new spark plugs and are in fact no longer Champion spark plugs as that term is used by *plaintiff*, and known to the motoring public (R. 345). But even the most literal interpretation of the words used by the district court in making the finding that usage and repair has destroyed some of the high qualities of the original plug cannot alter the undisputable fact that, even as altered, the plug is still one that was originally manufactured by plaintiff. It was a Champion spark plug when it was originally manufactured. It remained a Champion spark plug after it had been inserted in an engine, and did not lose its identity after it had been used in that engine for 10,000 miles or more. It was still a Champion spark plug when it found its way to the junk heap from which defendant reclaimed it and it is still a Champion spark plug after defendant has repaired it. If, after use and repair, it is not as good as a new one, that does not destroy the fact of its origin.

It is not contended that a repaired spark plug is the exact counterpart of a new one. Nor is it contended that a spark plug which has been manufactured upon the high standard set by the plaintiff is identical with the same spark plug after it has been subjected to thousands of miles of use and then repaired and restored to usefulness. But so long as defendant does not offer his reconditioned

spark plug as a *new* spark plug of Champion manufacture, the fact that defendant's product does not retain all of the high qualities of plaintiff's *new* product does not give plaintiff the right to require that its identity as the original manufacturer should be concealed from the public.

The circuit court of appeals, in holding that, because of the impairment of the plug by use and repair, the trade-mark cannot be retained thereon to indicate its origin, has brought its opinion into direct conflict with the further holding of this court in the Coty case that "no new right can be evoked" from the fact that defendant's product is a deteriorated product. The loss of functional qualities in the spark plug, in the case at bar, is comparable to the deterioration mentioned in the Coty case. This court, in the Coty case, holds:

> "It seems to us that no new right can be evoked from the fact that the perfume or powder is delicate and likely to be spoiled, or from the omnipresent possibility of fraud. If the defendant's rebottling the plaintiff's perfume deteriorates it and the public is adequately informed who does the rebottling, the public, with or without the plaintiff's assistance, is likely to find it out. And so of the powder in its new form."

Fundamentally, the test, both of trade-mark infringement and of unfair competition, is whether or not the buying public is deceived. The circuit court of appeals, in the case at bar, makes no attempt to convict the defendant of deception. The district court found that the public was not, in fact, deceived, and that defendant's method of marketing his product adequately informs the public as to what it is buying (R. 429). Under the facts of this record, no other conclusion could possibly be reached.

Each plug is packed in an individual carton upon which the words "Repaired Spark Plug" stand out in bold relief, as the most prominent words upon the carton. Even the most casual observer could not fail to see them.

The legend on the carton then recites that the plug *is not new*, but that it has been restored to usefulness, thoroughly renovated and repaired and the parts refinished and adjusted so as to make it a highly efficient used spark plug. Even on the ends of the carton the words "Repaired spark plug" are the most prominent words that appear. It is not true that plaintiff's *trademark* appears on the carton at all. Plaintiff's *name* appears but only underneath the prominent words "Repaired spark plug"; and even that name is stamped on the end of each carton with a rubber stamp and appears far less prominently than the word "Repaired" (see Photostat, R. 293).

When the plug is removed from the carton, the purchaser is again put upon notice. Indelibly stamped in the hex portion of the bushing nut appear the words "Repaired by A. P. Co." Those words are *indented* into the metal and then filled with white paint so that they cannot be mistaken. They appear fully as prominently as does the trade-mark of plaintiff on the porcelain of the plug. Any reasonably attentive buyer must needs know, at a glance, that he is *not* buying a new Champion spark plug but is only buying one that has been repaired.

The district court had no difficulty in arriving at the conclusion that:

> "The printing on the carton and the legends stamped by the defendant upon the article itself would avoid any deception" (R. 430).

The evidence offered on final hearing serves to emphasize the fact that the public is not, and cannot be, deceived. While it is true that, in 1932, some two years before defendant began doing business (R. 138), plaintiff's detectives had succeeded in buying some used spark plugs, repaired by *other* reconditioners, without disclosure of the fact that they were not new, the unchallenged evidence shows that, after defendant began marking his plugs

with the words "Repaired by A. P. Co." and packing them in individual cartons properly labelled, there is no evidence of any representation, even by an unscrupulous dealer, that the repaired spark plugs of defendant were plaintiff's new plugs. After defendant began marking his plugs, plaintiff's detectives purchased 26 spark plugs (R. 271), as to 19 of which they were properly informed by the dealer that the product being offered was not a new plug but was one that had been repaired and reconditioned. In only five instances did they succeed in making a purchase without being voluntarily told by the dealer that they were not buying plaintiff's new product; and even in those five instances there was no actual representation that the product they bought was, in fact, new.

The most outstanding fact about the testimony of these detectives is that, although they were sent out to get the "evidence" they did not come back with a single affidavit from a single purchaser of a spark plug who claimed to have been deceived into buying defendant's product while thinking he was buying the product of plaintiff. With all of the resources at its command, plaintiff has been utterly unable to produce a single member of the buying public who has been deceived.

Both in the law of unfair competition and in the law of trade-mark infringement, the whole aim and purpose of the law is to prevent deception. So long as the business of defendant is conducted in such way that his product will not be confused with that of the plaintiff, there is no ground for complaint.

This court, in the recent case of *Kellogg Company* v. *National Biscuit Company*, 305 U. S. 111, clearly emphasizes the fundamental and controlling principle that the only duty which one competitor owes to another and to the public is to identify its own product so that it may not be mistaken for that of its competitor. At l. c. 119, the court states:

"The only obligation resting upon Kellogg Company was to *identify* its own product lest it be mistaken for that of the plaintiff."

Again, at l. c. 121, this court states:

"Guests so served may conceivably suppose that a Kellogg biscuit served is one of the plaintiff's make. But no person familiar with plaintiff's product would be misled. * * * To put upon the individual biscuit some mark which would identify it as the Kellogg product is not commercially possible. Relatively few biscuits will be removed from the individual carton before they reach the consumer. The obligation resting upon Kellogg Company is not to *insure* that every purchaser will know it to be the maker but to use *every reasonable means* to prevent confusion" (italics ours).

In the case at bar, defendant uses every reasonable means to prevent confusion, first by indelibly stamping upon the plug itself the words "Repaired by A. P. Co."; and, second, by packing each plug in an individual carton adequately informing the public as to what it is buying.

In *Howe Scale Co.* v. *Wyckoff, Seamans & Benedict*, 198 U. S. 118, 140, Mr. Justice Fuller states:

"The essence of wrong in unfair competition consists in the sale of the goods of one manufacturer or vendor for those of another, and if defendant so conducts its business as not to palm off its goods as those of complainant, the action fails. As observed by Mr. Justice Strong in the leading case of *Canal Co.* v. *Clark*, 13 Wall. 311, 'Purchasers may be mistaken, but they are not deceived by false representations, and equity will not enjoin against telling the truth.' And by Mr. Justice Clifford in *McLean* v. *Fleming*, 96 U. S. 245: 'A court of equity will not interfere when ordinary attention by the purchaser of the article would enable him at once to discriminate the one from the other.' "

In *United Drug Company* v. *Rectanus Company*, 248 U. S. 90, this court, at l. c. 97, states:

> "There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trade-mark is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product *as his*; and it is not the subject of property except in connection with an existing business" (italics ours).

The circuit court of appeals, in the case at bar, has ruled, in direct violation of these pronouncements of this court, that the origin of defendant's repaired spark plugs must be concealed from the public, notwithstanding the fact that defendant's method of doing business in no sense deceives the public into mistaking defendant's product for that of plaintiff.

Defendant's method of doing business adequately informs the attentive buyer as to what he is purchasing. The law requires nothing further than that. Plaintiff has no better right to a monopoly of the trade of the careless and the indifferent than has defendant (compare *Coats* v. *Merrick Thread Co.*, 149 U. S. 562, 573; *McLean* v. *Fleming*, 96 U. S. 245; *Wrisley Co.* v. *Iowa Soap Co.*, 122 Fed. 796; *Walter Baker Co.* v. *Gray*, 192 Fed. 921, 926).

Conclusion.

The questions here presented are of national importance. The revolutionary effect of the opinion of the circuit court of appeals upon the vast volume of business relating to the reconditioning and resale of used commodities of all kinds is self-evident. The reasoning of the opinion sought to be reviewed is as applicable to any other reconditioned article as it is to a reconditioned spark plug. It cannot be the law that second-hand dealers must

conceal the identity of the original manufacturers of the commodities in which they deal by being required to remove the best evidence of the origin thereof—the trademark of the original manufacturer.

It is, therefore, respectfully submitted that the decision sought to be reviewed is in direct and irreconcilable conflict with the applicable decisions of this court; that, in any event, the decision deals with an important question of federal law which has not been, but should be, settled by this court; and that, because of the national importance of the questions presented, the application for the writ should be granted.

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.....,

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IN THE

Supreme Court of the United States

October Term, 1941

No. 587

J. F. Reich, Doing Business as Automotive Products Company,

Petitioner,

vs.

Champion Spark Plug Company, a Corporation,

Respondent.

BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI

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RESPONDENT'S STATEMENT OF THE CASE

1. Facts Omitted by Petitioner

This is an ordinary suit for trade-mark infringement and unfair competition. The following matters, omitted in the statement of the case in the petition, are believed material to a consideration of the reasons relied on by petitioner for allowance of the writ and of respondent's argument with respect thereto.

Respondent, Champion Spark Plug Company, is a well known manufacturer of spark plugs. It has manufactured

and sold spark plugs continuously since about the year 1907. During all of that period it has used the trade-mark "Champion" to identify its product. Prior to the institution of this suit (1938) respondent had sold approximately six hundred and fifty million spark plugs bearing the "Champion" trade-mark.

While respondent's plugs are used in internal combustion engines generally, their principal use has been in the engines of automobiles. A large percentage of the sales are made to individual car owners, through the usual channels of trade, such as garages and service stations, where the new plugs are installed by the mechanic who makes the sale and the old plugs are discarded as junk. The motorist pays not over sixty-five cents for new Champion spark plugs installed in the engine of his car, and no allowance is made for the defective plugs then removed.

It is at this point that the activities of the petitioner begin. He secures these discarded spark plugs at a cost of two or three cents each, subjects them to a series of so-called "repairing" or "reconditioning" treatments, the effect of which is to give them an appearance of newness, and sells them to garages and service stations for resale to the motoring public as "Champion" spark plugs.

The District Court found that petitioner's plugs have been so altered through use and petitioner's operations that two of the patented features and other functional features of respondent's new plugs are no longer present and that they "are in fact no longer 'Champion' spark plugs as that term is used by plaintiff and known to the motoring public." (R. 345, Findings 14-17). The Court of Appeals adopted such findings and quoted them in the opinion, as follows:

> "1. 'Defendant did not prior to * * * September 24, 1938, and does not now restore his said spark plugs to their original condition and they could not

then and cannot now truthfuly be referred to as "reconditioned" plugs nor as "Champion" plugs of the type number marked thereon by plaintiff.

"2. 'The spark plugs which defendant * * * now stamps as "Repaired" Champion spark plugs have been so changed in functional features from their original dimensions as they were manufactured and sold by plaintiff that they have ceased to have several of the distinctive mechanical and functional features which characterize new "Champion" spark plugs and are in fact no longer "Champion" spark plugs as that term is used by plaintiff and known to the motoring public.'

"3. A patented feature involving the use of flat parallel faces on the adjacent portions of the center and side electrodes of plaintiff's spark plugs 'has been entirely destroyed either through long usage or by defendant's operations.'

"4. 'Another patented feature * * * relating to the shape of the firing end of the insulator, and for which plaintiff claims important advantages in heat control and regulation between the several portions of spark plug core,' has been destroyed by sandblasting.

"5. The skirt or semi-petticoat end of the ceramic insulator, a feature of functional importance in all 'Champion' spark plugs, has also 'been destroyed in defendant's spark plugs'."

The record further discloses that petitioner's plugs bearing respondent's trade-mark are sold to motorists when new "Champion" spark plugs are asked for, at prices ranging from 35c to 65c each and averaging 48c each on one investigation and 41c each on another; also that the quality and condition of such plugs has been otherwise misrepresented. (R. 346, 347, Findings 19, 20.)

The record further shows that petitioner's spark plugs so closely resemble new Champion spark plugs that the ordinary purchaser cannot tell the difference from an examination of them.

In addition to the foregoing there are many other pertinent collateral facts in the record, exceeding four hundred printed pages, which require examination and discussion for a consideration of the merits of the case, but which for the purposes of this brief will not be reviewed.

2. Facts Misstated by Petitioner

The "Questions Presented," page 4 of the petition, contain fact statements which are misleading, if not deliberately deceptive. They give the impression—

(a) That the Court of Appeals required petitioner to conceal the identity of his spark plugs from the buying public, whereas the opinion expressly states that the decree as ordered "will not prevent the defendant * * * from printing a truthful explanatory statement as to the origin of the plugs upon the cartons." (R. 446.)

(b) That plaintiff did not challenge the finding of the District Court that defendant's method of marking the word "Repaired" on the plugs and of printing a notice on the cartons, as proposed in defendant's amended motion (R. 247), constitutes a sufficient notice to the purchasing public, without removal of plaintiff's trade-mark; whereas paragraphs numbered 8 and 9 of plaintiff's "Statement of Points on Appeal" (R. 358) specifically challenged the failure of the District Court to deny defendant's said motion and its refusal of an injunction because of the changes in defendant's practices proposed by said motion.

(c) That defendant's spark plugs have merely "lost some of the high qualities of plaintiff's new plugs," whereas the District Court found that defendant's plugs "have ceased to have several of the distinctive mechanical and functional features which characterize new 'Champion' spark plugs and are in fact no longer 'Champion' spark plugs as that term is used by plaintiff and known to the motoring public." (R. 444.)

ARGUMENT

The legal points raised by the petition will be briefly discussed under the following headings—

1. The decision below is not in conflict with the decisions of this court.

2. The decision below raises no important question of federal law not previously settled by this court.

3. The petition presents no ground for the exercise of the supervisory power of this court.

1. The Decision Below is Not in Conflict with the Decisions of this Court

We have already pointed out that petitioner has not correctly presented the questions involved. The "Reasons Relied on for Allowance of the Writ" are likewise faulty in that it is not stated therein, nor elsewhere in the petition or accompanying brief, that respondent conceded and the Court of Appeals expressly held that petitioner may use the word "Champion" in an explanatory statement which discloses the truth as to the origin of his plugs and in which such word is not given particular prominence.[1] The court below did not rule, as stated by petitioner, that the identity

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[1] Respondent's concession is stated as follows in the opinion of the court below (R. 441, 442):

> "Plaintiff concedes that defendant has a right to deal in the physical property of discarded spark plugs apart from the trade-mark 'Champion' and to make some collateral use of the word 'Champion' in an explanatory statement which discloses the truth as to the origin of the plug and in which such word is not given particular prominence."

After finding that "since defendant's spark plugs are no longer 'Champion' plugs they should not be sold bearing the original trade-mark," and that "defendant is guilty of infringement when he stamps the trade-mark 'Champion' on the carton, and of unfair competition when he stamps plaintiff's type number thereon," the opinion continues (R. 446):

> "Such a decree will not prevent the defendant from using his own trade-marks or type numbers, nor from *printing a truthful explanatory statement as to the origin of the plugs upon the cartons.*"*

*All emphasis in this brief is ours unless otherwise indicated.

of the original manufacturer must be "concealed" and did not restrain petitioner from "telling the truth" about his product.

Under the facts stated by petitioner, as supplemented by our statement herein,[2] there is no legal question presented for review or consideration by this court. In view of the fact finding that the discarded spark plugs dealt in by petitioner are no longer "Champion" plugs as that term is used by respondent and known to the public, it is obvious that the word "Champion" can not lawfully be used as the trade-mark for same, but can only be used in a collateral statement such as that approved by this court in *Prestonettes, Inc., vs. Coty*, 264 U. S. 359, upon which petitioner mainly relies. Respondent has neither sought nor obtained relief which extends beyond that which was there granted.

In the *Coty* case, defendant purchased new and genuine face powders and perfumes of plaintiff's original manufacture and attempted to sell them under plaintiff's trade-marks after rebottling the perfumes in smaller bottles and after adding a binder to the face powder and pressing it into a solid disc. The District Court entered a decree, later approved by this court, which permitted defendant to use the words "Coty" and "L'Origan" **in a descriptive sense**, by making collateral reference to the fact that defendant was selling plaintiff's altered goods but which did not permit the use of the words as trade-marks "to indicate the goods." It permitted defendant to put upon the rebottled perfume the following label:

> "Prestonettes, Inc., not connected with Coty, states that the contents are Coty's (giving the name of the article), independently rebottled in New York, every word to be in letters of the **same size, color, type and general distinctiveness.**"

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(2) Were this an argument on the merits we would take direct issue with the statements that petitioner restores the plugs to usefulness (Petition, p. 2) and that there is no evidence of deception of the public (Petitioner's Brief, p. 11).

It also permitted defendant to sell the face powder under similar labels. Upon sustaining the decree of the District Court, this court, by Mr. Justice Holmes, stated (p. 367):

> "If the name of Coty were allowed to be printed **in different letters** from the rest of the description dictated by the District Court a casual purchaser might look no further and might be deceived. But when it in no way **stands out** from the statement of facts that unquestionably the defendant has a right to communicate in some form, we see no reason why it should not be **used collaterally not to indicate the goods,** but to say that the trade-marked product is a constituent in the article now offered as new and changed. As a general proposition there can be no doubt that the word might be so used."

That the court below applied the law of the *"Coty"* case to the facts of this case is clearly apparent from at least three passages in its opinion where direct reference was made to that case, as follows:

> "But the purchaser of the goods does not acquire ownership of the trade-mark; and he cannot sell such goods bearing the manufacturer's trade-mark after he has changed or altered the goods so that they no longer represent the original character and excellence which the trade-mark indicates. *Prestonettes, Inc., vs. Coty,* 264 U. S. 359, 368; * * *." (R. 443.)

> "The owner of a trade-mark cannot complain of the resale of the repaired, altered or changed goods by the purchaser when accompanied with a truthful statement of the source from which they were derived, provided the purchaser does 'not use the trade-mark in doing so.' *Prestonettes, Inc., vs. Coty, supra,* at page 368." (R. 444.)

> "Clearly the trade-mark left where it was placed by the plaintiff 'indicates the goods' of plaintiff, and 'a casual purchaser might look no further and be deceived.' *Prestonettes, Inc., vs. Coty, supra,* pp. 368-9." (R. 445.)

The remaining two decisions of this court cited by petitioner as being applicable and in conflict with the decision below scarcely require comment. They are *Howe Scale Co. vs. Wyckoff*, 198 U. S. 118, and *Kellogg Co. vs. National Biscuit Co.*, 305 U. S. 111. Both cases involved the use of non-technical trade-marks, the one a family name (Remington) and the other a descriptive term (Shredded Wheat). In neither case did the mark in question "indicate the goods" of the plaintiff because neither mark was subject to exclusive adoption or use as a trade-mark.[3]

2. The Decision Below Raises No Important Question of Federal Law Not Previously Settled by This Court.

In arguing that he should be permitted to retain respondent's trade-mark "Champion" on his altered plugs, petitioner states (p. 18):

> "It was still a Champion spark plug when it found its way to the junk heap from which defendant reclaimed it and it is still a Champion spark plug after defendant has repaired it."

As previously pointed out herein, this is in direct conflict with the facts found by the District Court and quoted in the opinion of the appellate court.

Petitioner urges that the effect of the decision below is that no one may repair and resell a used, trade-marked article without destroying the best evidence of its identity and that the right of the public to have convincing evidence on this point is important. This argument would have been much more pertinent in the *"Coty"* case, where the court assumed that the defendant resold plaintiff's new and unused product "without in any way injuring its qualities."

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[3] In the proceedings below petitioner did not question respondent's ownership of the "Champion" trade-mark, which is duly registered under the laws of the United States. (See registrations appearing in record, pp. 28-31.)

Nevertheless, it held that the marks of the original manufacturer should only be used collaterally to state that the goods comprised the altered products of the plaintiff, and not as trade-marks to indicate that the altered products were the goods of the plaintiff.

Furthermore, since the courts below found as a fact that the spark plugs which petitioner sells have been so changed in functional features (although not in appearance) that they are in fact no longer "Champion" spark plugs, there is no basis for the contention that in denying petitioner the right to use plaintiff's trade-mark **to indicate his goods,** but permitting its use **collaterally,** the court below decided a question of law that has not been settled by this court.

3. The Petition Presents No Ground for the Exercise of the Supervisory Power of This Court

We know of no decision, and indeed there is none, which holds that a valid trade-mark may be appropriated by one not the owner as the name of his goods, provided he accompanies such use with a subordinate explanation. Petitioner's right, as held by the court below, is not even affected, much less governed, by the fact that the trade-mark was originally placed on the plugs of the petitioner by respondent. It having been found as a fact that the plugs sold by petitioner have been so altered that they cease to have the distinctive mechanical and functional features which characterize new "Champion" spark plugs, the Court of Appeals correctly held the use of that mark on petitioner's plugs to be unlawful, and there is no established rule of trade-mark law or of unfair competition at variance with such holding.

As this court recently had occasion to remark, in another connection, with respect to the distinction between a commodity and the trade-mark which it bears:[4]

> "* * * We are here dealing not with a commodity alone, but with a commodity **plus the brand or trade-mark** which it bears as evidence of its origin and of the quality of the commodity for which the brand or trade-mark stands. Appellants own the commodity; they do not own the mark or the good will that the mark symbolizes."

CONCLUSION

The three reasons relied on by petitioner for the granting of the writ are believed to be unfounded. Based upon the facts as found and applied by the courts below, this case is clearly within the established doctrine of applicable trade-mark cases, as typified by the decision of this court in *Prestonettes, Inc., vs. Coty.*

Respectfully submitted,

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Encl.

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[4] *Old Dearborn Distributing Company vs. Seagrams-Distillers Corp.*, 299 U. S. 183.